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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000494

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STATE PASS TREASURY FOR ASEVERENS AND SRENENDER  
STATE PASS DOC FOR PHUPER  
STATE PASS TRANSPORTATION FOR MARAD  
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STATE PASS TDA FOR BTERNET  
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E.O. 12958: DECL: 12/08/2014

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SUBJECT: NIGERIA:AMCITS HELD ON VESSELS AS STRIKE MOVES  
INTO THIRD WEEK

Classified By: Classified By: Consul General Brian L. Browne for Reason  
s 1.4 (D & E)

Summary

1. (C) Tidex, an American maritime firm, is involved in a labor dispute with two oil unions. Union members have taken control of twenty-two vessels in Rivers, Delta, and Bayelsa states. Seventeen American citizens and approximately 45-50 expatriates in total are affected by the labor action. The Amcit employees are free to move about the vessel and go on-shore for short periods of time. However, they are not permitted to leave as a group, according to Tidex officials. Tidex is in regular phone contact with the Amcits. Mission is engaged at all levels to bring about a speedy resolution to this matter. The Amcits are all reportedly in good condition. There has been no serious violence. However, there are reports of rough treatment (no injuries) of a few of the expatriates. Union workers have also made verbal threats.

Strike Results in Vessel Seizure, Restriction on Crew  
Movement 17 AMCITS, Other TCNs Aboard; No Violence

2. (C) On March 31, Tidewater and Tidex officials told us for the first time about a strike which began March 11. They informed us that the strike was now more serious. (Note: Tidex is the Nigerian subsidiary of Tidewater). Tidex workers have staged labor actions six times in the last eight months. As has been their normal procedure with regard to strikes, Tidex officials planned to wait out the protest, believing they could outlast the strikers. Because they initially viewed this as a relatively minor event they did not notify the Mission. However, their concern increased when Nigerian crew members took over several vessels. Twelve boats at Onne, Rivers State have been positioned such that none of the boats can leave. Four vessels have been anchored in Escravos, Delta State and one in Bayelsa State, near the AGIP oil terminal in Brass.

3. (C) Seventeen Americans are on board these vessels, along with approximately 130 Nigerian crewmembers. There are an additional approximately thirty third-country nationals on board the vessels, including British, Cameroonian, Honduran, Filipino, and other nationals. While the expatriates, including the Americans, are free to move about the vessels, or go on-shore in small groups, they are not permitted to leave en masse. Tidex management is in regular cellular phone contact with the Americans. There has been no violence. There are no indications of the strikers carrying firearms. However, some crewmembers are growing increasingly nervous as the strike drags on, according to TIDEX.

4. (C) Tidex MD Vaughn told us he is concerned the tone of the strikers is more aggressive than in past strikes. Tidex management believes about 40 crew members actively support the strike and the rest are following along out of fear, intimidation, and ignorance. Tidex has no direct contact with striking employees; all negotiations are being handled through union representatives.

Tidex, Majors Suffering Millions in Losses

5. (C) Tidex management's first concern is for the safety

of their crews. However, both Tidex and the majors are incurring substantial losses due to the strike. Tidex indicates the strike is costing it about \$110,000/day, for a total to date of \$2 million in lost revenue and additional security costs. Vaughn estimates that the company's largest client, ChevronTexaco, may have lost about \$2.5 million. ExxonMobil and Shell may have also suffered similar costs. Vaughn indicates the boats which have been seized have a value of about \$200 million.  
Tidex Says it is Targeted as Cabotage Act  
Triggers Lay Offs, Labor Backlash  
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16. (SBU) The reasons for the strike are complex, and include both industry and firm level disagreements. The 2004 Cabotage Act is driving sweeping changes in the maritime oil service sector. The act restricts inland shipping to majority Nigerian firms. As a result, U.S.-majority owned firms such as Tidex are being forced to halt direct operations in Nigeria. Tidex plans to reduce its 700-plus employees to about 30 as a result of the Act. Tidex is transferring its shipping operations to a Nigerian entity, Tidewater Phoenix, which, in accordance with the Act, will contract crewmembers from a central pool of maritime workers engaged through independent crewing agencies. Thus the redundant workers may not get re-hired.

17. (SBU) In accordance with the Cabotage Act, NUPENG and PENGASSAN will no longer be the unions for workers in the maritime area of oil servicing; Vaughn estimates the petroleum unions will lose about 2000 members. Instead, seafarers will be members of maritime unions, and a government agency, JUMALIC, will oversee their assignments from a central registry of qualified workers. Vaughn believes Tidex has been targeted by NUPENG and PENGASSAN as the "poster child" to resist implementation of the Cabotage Act. While Tidex may be the first firm targeted by the petroleum unions, other maritime operators, including five other U.S. firms, may soon face similar circumstances.

#### Workers Strike for End of Service Pay, Health Benefits -----

18. (C) Tidex workers also appear to have specific disagreements with the firm regarding the terms of recently-signed collective bargaining agreement. Tidex signed a new contract with NUPENG members in October, 2004, and with PENGASSAN members in January, 2005. Though they have received no formal written demands from the unions outlining their grievances, Tidex management has been told NUPENG members were upset because they Tidex gave PENGASSAN a more favorable agreement. Nevertheless, both unions are upset over changes in health benefits and end-of-service payments. Tidex management notes the former end-of-service agreement created onerous financial liabilities, which the firm could not cover with more than 10 years of revenues. The end-of-service payments are now a key issue, as most Tidex workers face discharge, due to the Cabotage Act. Tidex considers the strike in contravention of the bargaining agreement. They believe they could dismiss all of the striking workers for cause at this point, but MD Vaughn is concerned about possible outbreak of violence if they were to do so.

#### Mexican Stand-Off; Workers Threaten to Expand Strike -----

19. (C) Tidex management and the workers appear to be at a standoff. Tidex management, in accordance with industry practice, refuses to negotiate with the workers while they remain on strike. Privately, Vaughn admits they would come to the table if the workers would leave the ships and release the expatriates. He would like to begin gradually removing the expatriates slowly, in ones and twos, but he is concerned that this could inflame the situation. He would first prefer to explore other avenues to resolve the situation through negotiation, hopefully through a trusted intermediary. As a last resort, Tidex is considering asking the Nigerian Navy to take action to reclaim the vessels, once all expatriate crew members have been removed. Tidex is planning to meet with the Ministers of Transport and Defense on April 5 to request assistance in resolving the situation. Vaughn notes the unions are now threatening to take their strike nationally to affect other oil service companies.

#### Mission Acting to Facilitate End to Stand-Off -----

10. (C) Mission will continue to closely monitor the situation and will stay in close contact with Tidex management. We have also begun to make contact with appropriate GON officials to express our concern, stress the need to resolve this matter expeditiously and peacefully and to offer our assistance and good offices as needed.

BROWNE